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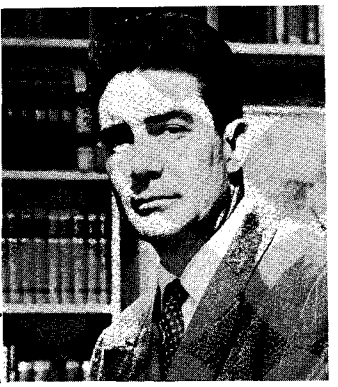

DAN SMOOT

MEDICAL CARE THROUGH SOCIAL SECURITY

In his State of the Union message (January 8, 1964), President Lyndon Johnson said:

"We must provide hospital insurance for our older citizens, financed by every worker and his employer under Social Security contributing no more than $1 a month during the employee's working career to protect him in his old age in a dignified manner, without cost to the Treasury, against the devastating hardship of prolonged or repeated illness."[1]

On January 15, 1964, the President spoke to leaders of organizations supporting his compulsory health insurance plan for "senior citizens" — persons over 65. Johnson claimed that his administration had "just begun to fight," saying:

"We are going to try to take all of the money that we think is unnecessarily being spent and take it from the 'haves' and give it to the 'have nots' that need it so much."[2]

In his special "Message on Health" (sent to Congress February 10, 1964), President Johnson said that federal expenditures on health and health-related programs now total 5 billion, 400 million dollars a year. The President urged a vast expansion of such expenditures (federal aid for hospital building, for medical schools, for mental health programs, and so on) *plus* hospital insurance for the aged to be financed by increased social security payroll taxes.[3]

The hospital insurance plan which President Johnson recommends would provide medical benefits (through social security, for persons 65 years old or older) including:

(1) payment of hospital costs for 45 days; or hospital costs up to 90 days, with the patient paying $10 a day for the first nine days; or hospital costs up to 180 days, with the patient paying the first two and one-half days of average costs;

(2) payment of costs for 180 days in a nursing home, after transfer from the hospital;

(3) payment of costs for 240 home health-care visits a year, by nurses and physical therapists;

(4) payment of costs above $20 for hospital out-patient diagnostic services.[3]

These benefits would be financed by raising social security payroll taxes (an increase of 1/4 of 1 percent on employees, the same increase in the amount paid by employers, and an increase in

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the amount of salary that can be taxed for social security, from the present $4800 a year to $5200.)[4] Testimony before the House Ways and Means Committee, however, has revealed that the proposed increase in payroll taxes would not pay for the benefits provided in the act — that it would require a minimum tax increase of 1% on all salaries up to $5200 a year.[4]

What would this mean to a person who goes to work at age 25 and works for 40 years, earning an average of $5200 a year or more? During those 40 years, he would receive no benefits at all, but would pay approximately $90 a year for hospitalization and nursing benefits which he *might* get after he is 65. Half of the $90 a year would be taken directly out of his salary; half would be paid to the government for him by his employers. This means, realistically, that the entire amount would come out of his salary. Whatever an employer is forced to give the government *on behalf of the employee* must necessarily be considered a part of that employee's total compensation.

If the employee were left free to spend his salary as he pleases, he could provide much greater benefits for himself than he would get under the compulsory government program. For $90 a year, he could buy a health insurance policy to guarantee benefits throughout the 40-year period when the government program would provide nothing. The early years of a working person's career are generally the lean years, when he most needs the protection of health insurance for himself and family; but suppose an employee is more concerned about health insurance after age 65 than during his younger years. Again, he could be much better off if the government would leave him alone. If, instead of having $7.50 a month confiscated from his earnings, he invested that much every month for 40 years, in mutual savings compounded at 4 percent quarterly, he would have more than $9000 at age 65 — to use as he pleased.

Obviously, President Johnson was using figures loosely when promising that his hospital insurance program would cost workers "not more than $1 a month."

He revealed a strange concept of human dignity in saying that hospitalization under the complicated restrictions and provisos of the compulsory government program would be protection "in . . . old age in a dignified manner." Would it not be more dignified for the worker to save $9000 and buy the kind of protection *he* wants?

What does the President mean by saying that his administration is "going to try to take all of the money that we think is unnecessarily being spent"? Whose money is he talking about? He is talking about money which workers earn by labor. He apparently means that he considers workers too stupid to spend their money properly: he is going to take it away from them and spend it in a way that seems proper to government officials.

It is obvious what the President means by the old communist promise to take from the *haves* ("from each according to his ability") and give it to the *have nots* ("to each according to his needs")[5]; but the President's facts are distorted. The administration's hospital insurance program would confiscate money from workers to pay hospital benefits for hundreds of thousands of persons over 65 who are infinitely better off financially than the workers being forced to pay for the benefits.

The Record of History

We do not need to *speculate,* however, to prove that the proposed compulsory health insurance program would do more harm than good. We need only to review some historical facts.

In 1884, Prince Otto von Bismarck, Chancellor of Germany, instituted the first modern program of socialized medicine, calling it compulsory national health insurance. His motive was to buy the loyalty of Germans to keep them from becoming communists.[6] Bismarck adopted "nationalistic socialism to end international socialism "—to use his own words.[7] To use other words: Bismarck was the first leader of a great nation to fight communism by adopting communism. Bismarck's

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scheme failed to provide the people better medical care at less cost; but it did become an important feature of the German militaristic state — paving the way for Hitler a generation later, and providing a pattern for other nations.[7,8]

In 1911, England began experiments with the Bismarckian type of national health insurance.[7] As they failed, the experiments were expanded until, in July, 1948, England adopted a medical system modeled not on the "conservative" Bismarck prototype but on the Soviet system created by Nikolai Lenin. In less than two years, there were more than half a million people on the waiting lists for hospitalization, while some forty thousand hospital beds were out of service because of a nurse shortage. In industrial centers, some British doctors have as many as 4,000 registered patients each. Such doctors can give each patient only three minutes per call — three minutes overall, for consultation, diagnosis, prescription, filling out official forms, and maintaining proper records for governmental inspectors. Twelve percent of all British taxes go into the national health program. The wretchedly inadequate "free" medical services in Britain actually cost the average Englishman considerably more than an American pays for the most expensive private health insurance and hospitalization plan.[9]

In any system of governmentalized medicine, a heavy percentage of the money taken from the people for medical purposes must be used to meet the heavy administrative costs created by bureaucratic red tape; but a primary reason for the inevitable failure of socialized medicine can be found in the patients themselves. When people are forced to pay for something whether they use it or not, they are inclined to use just as much of it as they can, to get their money's worth.

There are Englishmen who trade their government-issued eye-glasses, wigs, and false teeth, for beer; housewives who trade government-issued medicine for perfume and cigarettes; some who sell gold fillings out of their teeth — getting them replaced by government dentists and then selling them again. Malingerers pretend to be sick, in order to get sick-pay, free hospitalization, or a rest at government expense. Hypochondriacs (who *think* they are sick) badger doctors and hospitals for treatment.

No compulsory health insurance program, or other form of governmentalized medicine, has contrived a means to stop racketeers and petty complainers from making dishonest or useless demands upon medical services, monopolizing professional time and facilities needed for the sick. The only effective controls are those of the purse in a free society where a person must pay his own bills, or is controlled by provisions of an insurance policy which he himself has bought.

Socialism Versus Socialism

American liberals — always pressing for some kind of socialized medicine — ignore the lessons of history and the experience of other nations. They also ignore the Constitution of the United States. The fact that a President of the United States even proposes a compulsory national hospital insurance program is proof of the widespread ignorance of, or contempt for, our fundamental law.

The grant of power which the people of America made, in the Constitution, to the federal government, begins with the phrase "All legislative Powers *herein* granted." The last two articles of the Bill of Rights (the Ninth and Tenth Amendments to the Constitution) reaffirm the doctrine that the Constitution is a binding contract of government, delegating to the federal government all the power it can legally exercise, denying it any power not specifically delegated. Nothing in the Constitution authorizes the federal government to engage in activities involving social insurance, health insurance, or medical care. Consequently, all programs or proposals for such activities (including the existing social security system and all federal aid for medical facilities, research, education) are unconstitutional.

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Why do our top political leaders relentlessly push for "medical" programs which violate our fundamental law? Health is a marvelous issue for politicians. Standing for the "health of our people" is bound to get votes: everyone is heartily in favor of good health.

Liberal politicians can buy votes by promising "free" medical care. Social planners who want to convert our free society into a socialist state find willing listeners when they decry the high cost of medical care and claim that government could eliminate the painful economic consequences of illness. Constitutionalists, who try to counter such emotional appeals with arguments grounded in truth and constitutional principles, are branded crackpots and reactionaries. This leaves the opposition to socialized medicine in the hands of men without deep convictions who generally call themselves "moderate conservatives."

Liberals bombard the public with propaganda and distorted statistics indicating that millions of poor Americans suffer and die of disease, because those who are prosperous are too mean to spend a widow's mite on medical care for the "less fortunate." Conservatives should react by saying:

"Even if such conditions did exist, there is nothing the federal government can do about it, because the federal government has no constitutional authority to act in this field; but your propaganda lies. No such condition exists in America. Free Americans (which means Americans free of governmental meddling and subsidizing) have always provided more and better facilities and medical care for the whole population than any other people on earth. Government itself causes shortage of funds, by robbing the people of money and independence."

Moderate conservatives are afraid to give such answers lest they be accused of callous indifference to social ills. They normally concede that conditions are bad and that the federal government should do something, but they complain about the *cost* of liberal proposals. They offer compromises, not to block a socialist program but to trim it down. Liberals always take the initiative, proposing extravagant socialistic programs. Moderate conservatives are always in the position of endorsing, in principle, the liberal proposals, but holding out for a less expensive alternative.

Making Progress and *Being For Something* are phrases to which liberal propaganda has given the power of witchcraft. If a typical American liberal and a moderate conservative were sitting on the rim of a high plateau, enjoying not only the scene below but all the ease and comfort which flesh and spirit could wish; and if the liberal arose to say: "Let's run to make progress over the edge of that precipice there" — the moderate conservative, if reacting typically, would never think to say: "Sit down, idiot!" Instead, he would say: "I want to make progress just as much as you do; but I don't think your proposal is right." The liberal would respond: "You're always *against* something, never *for* something. I've proposed some *progress;* and all you do is criticize my proposal. What do *you* propose?" The moderate conservative would say: "I'm against *your* proposal, which is reckless and irresponsible; but I'm *for* my own proposal, which is mature and sensible."

"What *is* your proposal?" the liberal would ask. And the moderate conservative would say: "Let's crawl."

Then they would begin a Great Debate, not about trying to secure and improve the lofty position they already have, but about whether to *run* or *crawl* over the precipice, and fall on the rocks below. Eventually, they would neither run nor crawl: they would *walk.*

In short, the political conflict in Congress, between liberals and moderate conservatives, never poses the question, socialism *versus* freedom. It is simply a struggle between bold socialism and timid socialism. The result is a steady erosion of the principles and institutions of freedom.

Step by Step

Note some of the steps taken since 1935, when the federal government (except for veterans and

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military programs) was spending practically nothing on health activities.

A major, but unsuccessful, effort was made to include compulsory health insurance in the original Social Security Act of 1935. In 1943, U. S. Senators Robert F. Wagner (Democrat, New York) and James E. Murray (Democrat, Montana) and U. S. Representative John D. Dingell, Sr. (Democrat, Michigan) introduced the first Wagner-Murray-Dingell Bill, proposing a federally-operated system of medical and hospital care insurance, to function within the social security system, and to be financed by increased payroll taxes. The Bill died in committee. Slightly alterated, it was reintroduced in 1945, this time with President Truman's approval. It died again. The same thing happened in 1947.[8]

In 1950, the Social Security Act was amended to provide money payments, medical care, and remedial treatment for needy and disabled individuals 18 years of age or older.

In 1952, Congress, while resisting a Truman administration demand for extension of social security to include compulsory health insurance, amended the Social Security Act again, edging the federal government further into the medical field. In 1954, Congress, while resisting Eisenhower's Health Re-Insurance plan, made another election-year "extension" of the social security system. The system was "extended" again in the 1956 election year.[10]

In 1957, U. S. Representative Aime J. Forand (Democrat, Rhode Island) introduced the Forand Bill, proposing amendment of the Social Security Act to add medical benefits. The Bill made no headway in 1957; but agitation for it did produce another election-year expansion of social security coverage in 1958.[10]

The Eisenhower administration resisted the "Forand approach" to medical care for the people — until the eve of the 1960 election year. In mid-November, 1959, Eisenhower's Secretary of Health, Education, and Welfare was saying publicly that he had failed to find a "practical and feasible" alternative to the Forand Bill. This indicated that modern Republicans would support the Forand Bill in 1960, but Democrats beat them to it.

On January 26, 1960, Senator John F. Kennedy introduced in the Senate his own version of the Forand Bill. Modern Republicans countered with a "Medicare Program for the Aged" — a complicated mess of federal grants-in-aid to state governments to help pay the cost of medical care for people of specified ages, within specified income groups.[10] This thing became Nixon's health proposal; Kennedy stood four-square for the "Forand approach"; and the "health of our people" became an issue in the presidential election of 1960.[10]

In June, 1960, the House Ways and Means Committee, by a two-to-one majority, refused to report the Kennedy-supported Forand Bill. After many modifications and changes of name and congressional sponsors, the modern Republican's Medicare Program for the Aged became the Kerr-Mills Bill of 1960 (introduced in the House by U. S. Representative Wilbur Mills, Arkansas Democrat; sponsored in the Senate by the late Robert S. Kerr, Oklahoma Democrat; signed into law by President Eisenhower on September 13, 1960).[10]

The Forand Bill was dead; but on February 9, 1961, President Kennedy proposed a Health and Hospital Care program (to be administered and financed through the social security system) which was, in essence, the old Forand proposal. On February 13, 1961, U. S. Representative Cecil R. King (Democrat, California) introduced a Bill to implement the President's proposals. U. S. Senator Clinton P. Anderson (Democrat, New Mexico) introduced companion legislation in the Senate. Thus, the Forand Bill became the King-Anderson Bill. Congress took no action on the King-Anderson Bill in 1961.[11]

On February 27, 1962, President Kennedy proposed a 14-point health program. One point was the pending King-Anderson Bill to provide medical care for the aged through social security. The other 13 points involved (1) vastly expanded programs of federal aid to states and private institutions for medical research, medical facilities,

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mental health activities; (2) an air-pollution control program; (3) expansion of the U. S. Public Health Service; (4) a program to "help fulfill the health needs and expectations of less developed nations." Congress took no action on the King-Anderson Bill in 1962, though it authorized a large proportion of the President's other health proposals.[12]

The King-Anderson Bill died with the adjournment of the 87th Congress; but President Kennedy proposed the same thing to the 88th Congress — on February 21, 1963. Representative King of California and Senator Anderson of New Mexico again introduced legislation to implement the President's proposals; but the King-Anderson proposals of 1963 (HR 3920 in the House; S 880 in the Senate; both introduced on February 21, 1963) are not called "King-Anderson." They are now called "Hospital Insurance Act."

This is the measure which President Johnson is supporting. Proposing to provide specified medical benefits for specified persons over 65, through the social security system, the Hospital Insurance Act is, in essence, the same proposal which Congress rejected in 1935 when enacting the original Social Security Act; the same as the Wagner-Murray-Dingell Bills which Congress rejected in 1943, 1945, and 1947; the same proposal that the Truman administration made in 1952; the same as the Forand Bill which was before Congress from 1957 to 1960; and the same as the King-Anderson Bill which was before Congress from 1961 through 1962.

Socialists never give up. With a ceaseless barrage of propaganda about the "health of our people," they have kept before Congress, almost continuously for 30 years, some kind of proposal to provide medical care through social security. If they ever get such a proposal enacted into law, they will have achieved a major victory. Meanwhile, keeping this controversial proposal in the forefront draws public attention from the federal government's other unconstitutional encroachments upon the field of medicine. Constitutionalists (who oppose any kind of federal activity in the medical field) have little representation in Congress. Moderate conservatives (psychopathically afraid of being called "extremists") have made a political stand against *medical care through social security,* but have yielded and compromised on other proposals until the United States is on the verge of following England into a complete system of socialized medicine.

What To Do

Lack of money is not the cause of major national health problems in the United States. Many of our national health problems seem to result from the kind of living which our abundant prosperity has made possible; but if money would solve our health problems, the perfect solution is obvious: compel federal officials to obey the Constitution and stop plundering Americans of their own money for gifts, loans, and bribes to foreign governments and for illegal, immoral, vote-buying domestic subsidy programs.

That would leave most individuals with enough money to pay their medical expenses directly, or to buy whatever kind and quantity of insurance they want; and it would leave enough wealth in every American community to provide adequate clinics, facilities, and medicines for the helpless and destitute, who are a community responsibility.

The current Hospital Insurance Act (supported by the Johnson administration and by liberal Democrats in Congress) and the modern Republican alternative (sponsored by liberal Republicans like Jacob K. Javits of New York and Thomas H. Kuchel of California) *must* be defeated. Even if they are defeated, however, similiar bills will come up again in every session, until socialists get what they want.

The ultimate remedy is for the people to find and elect (to the Congress and the Presidency) men who understand and respect the Constitution and who will, therefore, eliminate all federal activity in the field of private medicine.

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FOOTNOTES

(1) *Congressional Quarterly Weekly Report,* January 10, 1964, pp. 47-9

(2) Press Release, Office of the White House Press Secretary, January 15, 1964

(3) *Congressional Quarterly Weekly Report,* February 14, 1964, pp. 323-6

(4) *Congressional Quarterly Weekly Report,* March 1, 1963, pp. 243-7

(5) Karl Marx, *Facts on Communism, Volume I,* House Document No. 366, 86th Congress, 2nd Session, p. 66

(6) *The Encyclopedia Americana,* 1961 edition, Volume XII, pp. 522-3

(7) *Compulsory Medical Care and The Welfare State,* by Melchior Palyi National Institute of Professional Services, Chicago, 1950

(8) *Blueprint for the Nationalization of Medicine,* by Marjorie Shearon, Gibson Brothers, Washington, 1947; *Regulative Influence under the W-M-D Bills,* by Marjorie Shearon, The Shearon Legislative Service, Chevy Chase, Md., 1948

(9) "Nationalised Medicine," *The British Socialist Ill-Fare State,* by Cecil Palmer, The Caxton Printers, Ltd., Caldwell, Ida., 1952, pp. 46-125

(10) *Congressional Quarterly Almanac for* 1960, pp. 76-8; 148-65

(11) *Congressional Quarterly Almanac* for 1961, pp. 262-5

(12) *Congressional Quarterly Almanac for* 1962, pp. 189-96; 897-900

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU in Dallas, getting BA and MA degrees in 1938 and 1940. In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for a doctorate in American Civilization.

In 1942, he left Harvard and joined the FBI. As an FBI Agent, he worked for three and a half years on communist investigations in the industrial Midwest; two years on FBI headquarters staff in Washington; and almost four years on general FBI cases in various parts of the nation.

In 1951, Smoot resigned from the FBI and helped start Facts Forum. On Facts Forum radio and television programs, Smoot spoke to a national audience, giving *both* sides of controversial issues.

In July, 1955, he resigned and started his present independent publishing and broadcasting business — a free-enterprise operation financed entirely by profits from sales: sales of *The Dan Smoot Report,* a weekly magazine; and sales of a weekly news-analysis broadcast, to business firms, for use on radio and television as an advertising vehicle. The *Report* and the broadcast give only *one* side in presenting documented truth about important issues — the side that uses the American Constitution as a yardstick. The *Report* is available by subscription; and the broadcasts are available for commercial sponsorship, anywhere in the United States.

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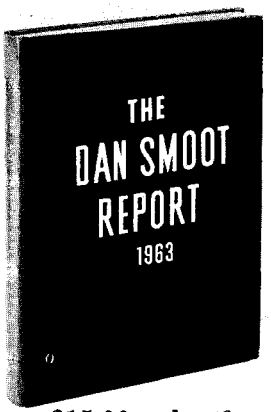

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